

Message Text

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C O N F I D E N T I A L MADRID 5417

E.O. 11652: N/A

TAGS: OVIP (CASEY, WILLIAM J.), EFIN, ENRG, SP, XMB

SUBJ: EXIM BANK PARTICIPATION IN SPANISH NUCLEAR

ENERGY PROGRAM-VISIT OF EXIM BANK

CHAIRMAN CASEY

REF: (A) STATE 165542

(B) STATE 166552

(C) MADRID 4986

1. JULY 22 VISIT TO MADRID OF EXPORT-IMPORT BANK CHAIRMAN, WILLIAM J. CASEY, PROVED EXTREMELY VALUABLE IN ELECITING INFORMATION TO ASSESS SPANISH PLANS FOR DEVELOPMENT NUCLEAR POWER AS WELL AS POSSIBILITIES FOR ADDITIONAL EX-IM PARTICIPATION IN FINANCING. ACCOMPANIED BY AMBASSADOR OR OTHER EMBOFFS, MR. CASEY MET WITH FINANCE MINISTER CABELLO DE ALBA, INDUSTRY MINISTER ALVAREZ MIRANDA, JEN PRESIDENT OLIVARES AND DIRECTOR GENERAL PASCUAL, INI PRESIDENT ANTONANZAS, AND ENUSA DIRECTOR GENERAL ISLA.

2. MAIN POINTS BROUGHT OUT IN DISCUSSIONS (MEMCONS POUCHED) WERE:

A. GOS PLANS TO DEVELOP NUCLEAR ENERGY CAPACITY OF
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23,000 MEGAWATTS BY 1985 WHICH IT HOPES WILL SUPPLY JUST

OVER HALF SPANISH ELECTRIC GENERATION.

B. SPAIN NOW HAS IN OPERATION OR UNDER CONSTRUCTION NUCLEAR PLANTS WITH ABOUT 7,000 MEGAWATT CAPACITY, AND ACHIEVING PLANNED CAPACITY BY 1985 WILL REQUIRE CONSTRUCTION OF ADDITIONAL 16 TO 17 PLANTS.

C. GOS VALUES ITS GOOD RELATION WITH EX-IM BANK AND HE HOPES BANK AND U.S. SUPPLIERS WILL PLAY LEADING ROLE IN SPANISH NUCLEAR POWER DEVELOPMENT.

D. SINCE TOTAL SPANISH EXTERNAL DEBT IS ONLY \$5.5 BILLION, OF WHICH PUBLIC DEBT IS \$2.5 BILLION, GOS CREDIT POSITION IS STRONG. NEVERTHELESS, GOS WILL CONSIDER POSSIBILITY OF GOVERNMENT OR PRIVATE SPANISH BANK GUARANTEES ON EX-IM LOANS.

E. SPAIN HAS SUFFICIENT FUEL FOR OPERATING AND PLANNED REACTORS THROUGH 1982 AND GOOD PART OF ANTICIPATED NEEDS UP TO YEAR 2000. U.S. SHARE OF MARKET FOR URANIUM ENRICHMENT SERVICES WILL DECLINE SLIGHTLY AFTER 1979 TO ABOUT 60 PERCENT. EMPRESA NACIONAL DE URANIO (ENUSA) ALREADY DOING BUSINESS WITH FRENCH-LED EURODIF AND THE USSR.

F. SPAIN HAS NO PLANS FOR RECYCLING PLANT BEFORE 1985 AT EARLIEST SINCE ECON COUNSELOR TOLD BY GOS OFFICIALS THAT IT WOULD BE ECONOMICAL ONLY WHEN 15 TO 20 REACTORS OPERATING.

3. IN FUTURE CONSULTATIONS WITH MINISTRY OF INDUSTRY AND JEN, EMBASSY WILL ATTEMPT OBTAIN ADDITIONAL INFORMATION ON PLANNED TIMING FOR CONSTRUCTION NEW NUCLEAR ENERGY PLANTS, PLANNED LOCATIONS, AND SPANISH COMPANIES INVOLVED.
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